

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

CONTRACT BETWEEN THE UNITED STATES AND
THE EMILE AND SIMONE FURLAN FAMILY TRUST,
DIVERTER OF WATER FROM SACRAMENTO RIVER SOURCES,
SETTLING WATER RIGHTS DISPUTES AND PROVIDING FOR PROJECT WATER

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THIS CONTRACT, hereinafter referred to as "Settlement Contract," is entered into by THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, made this 10th day of April, 2006, pursuant to the applicable authority granted to it generally in the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, including but not limited to Sections 9 and 14 thereto, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986 (100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as Federal Reclamation law, and THE EMILE AND SIMONE FURLAN FAMILY TRUST, hereinafter referred to as the Contractor, acting pursuant to Sections 12003 and 12004 of the California Water Code, with its principal place of business in California;

WITNESSETH, that:

EXPLANATORY RECITALS

[1st] WHEREAS, the United States has constructed and is operating the Central Valley Project, California, for multiple purposes pursuant to its statutory authority; and

[2nd] WHEREAS, the Contractor has rights to divert, is diverting, and will continue to divert for reasonable beneficial use, water from the natural flow of the Sacramento River and tributaries thereto, that would have been flowing therein if the Central Valley Project were not in existence; and

[3rd] WHEREAS, the construction and operation of the integrated and coordinated Central Valley Project has changed and will further change the regimen of the Sacramento, American, San Joaquin, and Trinity Rivers and the Sacramento-San Joaquin Delta from unregulated flow to regulated flow; and

[4th] WHEREAS, the United States has rights to divert, is diverting, and will continue to divert waters from said Rivers and said Delta in connection with the operation of said Central Valley Project; and

[5th] WHEREAS, the Contractor's predecessor in interest, Emile Furlan and Simone Furlan, and the United States had a dispute over the respective rights of the parties to divert and use water from the regulated flow of the Sacramento River which threatened to result in litigation, and as a means to settle that dispute entered into Contract No. 14-06-200-1175A, as amended, hereinafter referred to as the Existing Contract, which established terms for the delivery to the Contractor's predecessor in interest of Central Valley Project Water, and the quantities of Base Supply the United States and the Contractor's predecessor in interest agreed may be diverted by the Contractor's predecessor in interest from the Sacramento River pursuant to such contract; and

[6th] WHEREAS, the Contractor's predecessor in interest conveyed the land to which the Existing Contract was appurtenant to the Furlan Family Trust, and the Trust subsequently

assigned a portion of the Existing Contract to a third party which acquired a portion of the land held by the Trust; and

[7th] WHEREAS, the United States and the Contractor disagree with respect to the authority of the United States to change the quantities of Base Supply and/or Project Water specified as available for diversion in this Settlement Contract from the quantities specified in the Existing Contract, and other issues related thereto. That dispute was the subject of litigation in a lawsuit entitled *Glenn-Colusa Irrigation District, et al. v. United States, et al.* [Civ. No. S-01-1816 GEB/JFM (E.D. Cal.)], but that litigation was dismissed, without prejudice, pursuant to a stipulation of dismissal filed by the parties thereto on August 29, 2002.

Notwithstanding that dismissal, the Contractor and the United States enter into this Settlement Contract to renew the Existing Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws of the State of California; and

[8th] WHEREAS, notwithstanding the facts contained in the previous recital, the U.S. and the Contractor have agreed to adjust the amount of water under this Settlement Contract to reflect the sale of land and partial assignment of contract referenced in the 6th Recital; and

[9th] WHEREAS, to assure the Contractor of the enjoyment and use of the regulated flow of the said Rivers and the Delta, and to provide for the economical operation of the Central Valley Project by, and the reimbursement to, the United States for expenditures made for said Project;

NOW, THEREFORE, in consideration of the performance of the herein contained provisions, conditions, and covenants, it is agreed as follows:

DEFINITIONS

1. When used herein, unless otherwise expressed or incompatible with the intent hereof, the term:

(a) "Base Supply" shall mean the quantity of Surface Water established in Articles 3 and 5 which may be diverted by the Contractor from the Sacramento River each month during the period April through October of each Year without payment to the United States for such quantities diverted;

(b) "Basin-Wide Water Management Plan" shall mean the mutually agreeable Sacramento River Basinwide Water Management Plan, dated October 11, 2004, developed by Glenn-Colusa Irrigation District, Maxwell Irrigation District, Natomas Central Mutual Water Company, Pelger Mutual Water Company, Princeton-Codora Glenn Irrigation District, Provident Irrigation District, Reclamation District 108, Sutter Mutual Water Company, Anderson-Cottonwood Irrigation District, Meridian Farms Water Company, Reclamation District 1004, and the U.S. Bureau of Reclamation;

(c) "Charges" shall mean the payments for Project Water that the Contractor is required to pay to the United States in addition to the "Rates" specified in this Settlement Contract. The Contracting Officer will, on an annual basis, determine the extent of these Charges. The type and amount of each Charge shall be specified in Exhibit D;

(d) "Contract Total" shall mean the sum of the Base Supply and Project Water available for diversion by the Contractor for the period April 1 through October 31;

(e) "Critical Year" shall mean any Year in which either of the following eventualities exists:

92 (1) The forecasted full natural inflow to Shasta Lake for the current Water
93 Year, as such forecast is made by the United States on or before February 15 and reviewed as
94 frequently thereafter as conditions and information warrant, is equal to or less than 3.2 million
95 acre-feet; or

96 (2) The total accumulated actual deficiencies below 4 million acre-feet in the
97 immediately prior Water Year or series of successive prior Water Years each of which had
98 inflows of less than 4 million acre-feet, together with the forecasted deficiency for the current
99 Water Year, exceed 800,000 acre-feet.

100 For the purpose of determining a Critical Year, the computation of inflow to
101 Shasta Lake shall be performed in a manner that considers the extent of upstream development
102 above Shasta Lake during the year in question, and shall be used as the full natural flow to
103 Shasta Lake. In the event that major construction has occurred or occurs above Shasta Lake after
104 September 1, 1963, and which has materially altered or alters the regimen of the stream systems
105 contributing to Shasta Lake, the computed inflow to Shasta Lake used to define a Critical Year
106 will be adjusted to eliminate the effect of such material alterations. After consultation with the
107 State of California, the National Weather Service, and other recognized forecasting agencies, the
108 Contracting Officer will select the forecast to be used and will make the details of it available to
109 the Contractor. The same forecasts used by the United States for the operation of the Project
110 shall be used to make the forecasts hereunder;

111 (f) "CVPIA" shall mean the Central Valley Project Improvement Act, Title XXXIV
112 of the Act of October 30, 1992 (106 Stat. 4706);

113 (g) Omitted;

114 (h) Omitted;

115 (i) Omitted;

116 (j) Omitted;

117 (k) Omitted;

118 (l) "Project" shall mean the Central Valley Project owned by the United States and
119 managed by the Department of the Interior, Bureau of Reclamation;

120 (m) "Project Water" shall mean all Surface Water diverted or scheduled to be diverted
121 each month during the period April through October of each Year by the Contractor from the
122 Sacramento River which is in excess of the Base Supply. The United States recognizes the right
123 of the Contractor to make arrangements for acquisition of water from projects of others than the
124 United States for delivery through the Sacramento River and tributaries subject to written
125 agreement between Contractor and the United States as to identification of such water, which
126 water, when so identified, shall not be deemed Project Water under this Settlement Contract;

127 (n) "Rates" shall mean the payments for Project Water determined annually by the
128 Contracting Officer in accordance with the then current applicable water ratesetting policies for
129 the Project, as described in subdivision (a) of Article 8 of this Settlement Contract;

130 (o) "Secretary" or "Contracting Officer" shall mean the Secretary of the Interior, a
131 duly appointed successor, or an authorized representative acting pursuant to any authority of the
132 Secretary and through any agency of the Department of the Interior;

133 (p) "Surface Water" shall mean only those waters that are considered as surface water
134 under California law;

135 (q) "Water Year" shall mean the period commencing with October 1 of one year and
136 extending through September 30 of the next; and

137 (r) "Year" shall mean a calendar year.

TERM OF SETTLEMENT CONTRACT

2. (a) This Settlement Contract shall become effective April 1, 2006, and shall remain in effect until and including March 31, 2046; Provided, that under terms and conditions mutually agreeable to the parties hereto, renewals may be made for successive periods not to exceed 40 years each. The terms and conditions of each renewal shall be agreed upon not later than one year prior to the expiration of the then existing Settlement Contract.

(b) With respect to Project Water and the portions of this Settlement Contract pertaining thereto, upon written request by the Contractor of the Secretary made not later than one year prior to the expiration of this Settlement Contract, whenever, account being taken of the amount then credited to the costs of construction of water supply works, the remaining amount of construction costs of water supply work which is properly assignable for ultimate return by the Contractor as established by the Secretary of the Interior pursuant to (3) of Section 1 of Public Law 643 (70 Stat. 483), probably can be repaid to the United States within the term of a contract under subsection 9(d) of the 1939 Reclamation Project Act (53 Stat. 1187), the relevant portions of this Settlement Contract may be converted to a contract under said subsection 9(d) upon terms and conditions mutually agreeable to the United States and the Contractor. The Secretary shall make a determination ten years after the date of execution of this Settlement Contract, and every five years thereafter, of whether a conversion to a contract under said subsection 9(d) can be accomplished pursuant to Public Law 643. Notwithstanding any provision of this Settlement Contract, the Contractor reserves and shall have all rights and benefits under Public Law 643.

WATER TO BE FURNISHED TO CONTRACTOR

3. (a) Subject to the conditions, limitations, and provisions hereinafter expressed, the Contractor is hereby entitled and authorized to divert from the Sacramento River at the locations

shown in Exhibit A, for beneficial use within the area delineated on Exhibit B, (both Exhibits are attached hereto and made a part hereof), the Contract Total designated in Exhibit A, or any revision thereof.

(b) No sale, transfer, exchange, or other disposal of any of the Contract Total designated in Exhibit A or the right to the use thereof for use on land other than that shown on Exhibit B shall be made by the Contractor without first obtaining the written consent of the Contracting Officer. Such consent will not be unreasonably withheld and a decision will be rendered in a timely manner. For short-term actions that will occur within one year or less, the decision will be rendered within 30 days after receipt of a complete written proposal. For long-term actions that will occur in a period longer than one year, the decision will be rendered within 90 days after receipt of a complete written proposal. For a proposal to be deemed complete by the Contracting Officer, it must comply with all provisions required by State and Federal law, including information sufficient to enable the Contracting Officer to comply with the National Environmental Policy Act, the Endangered Species Act, and applicable rules or regulations then in effect; Provided, that such consent does not authorize the use of Federal facilities to facilitate or effectuate the sale, transfer, exchange or other disposal of Base Supply. Such use of Federal facilities will be the subject of a separate agreement to be entered into between the Contractor and Reclamation.

(c) For the purpose of determining whether Section 3405(a)(1)(M) of the CVPIA applies to the Contractor as a transferor or transferee of Project Water, the Contracting Officer acknowledges that the Contractor is within a county, watershed, or other area of origin, as those terms are utilized under California law.

183 (d) Nothing herein contained shall prevent the Contractor from diverting water during
184 the months of November through March for beneficial use on the land shown on Exhibit B or
185 elsewhere to the extent authorized under the laws of the State of California.

186 (e) The United States assumes no responsibility for and neither it nor its officers,
187 agents, or employees shall have any liability for or on account of:

188 (1) The quality of water to be diverted by the Contractor;

189 (2) The control, carriage, handling, use, disposal, or distribution of water
190 diverted by the Contractor outside the facilities constructed and then being operated and
191 maintained by or on behalf of the United States;

192 (3) Claims of damage of any nature whatsoever, including but not limited to,
193 property loss or damage, personal injury, or death arising out of or connected with the control,
194 carriage, handling, use, disposal, or distribution of said water outside of the hereinabove referred
195 to facilities; and

196 (4) Any damage whether direct or indirect arising out of or in any manner
197 caused by a shortage of water whether such shortage be on account of errors in operation,
198 drought, or unavoidable causes.

199 (f) In addition to the provisions of subdivision (e) of Article 3 of this Contract, if
200 there is a shortage of Project Water because of actions taken by the Contracting Officer to meet
201 legal obligations then, except as provided in subdivision (a) of Article 30 of this Contract, no
202 liability shall accrue against the United States or any of its officers, agents, or employees for any
203 damage, direct or indirect, arising therefrom.

RETURN FLOW

4. Nothing herein shall be construed as an abandonment or a relinquishment by the United States of any right it may have to the use of waste, seepage, and return flow water derived from water diverted by the Contractor hereunder and which escapes or is discharged beyond the boundaries of the lands shown on Exhibit B; Provided, that this shall not be construed as claiming for the United States any right to such water which is recovered by the Contractor pursuant to California law from within the boundaries of the lands shown on Exhibit B, and which is being used pursuant to this Settlement Contract for surface irrigation or underground storage for the benefit of the lands shown on Exhibit B by the Contractor.

CONSTRAINTS ON THE AVAILABILITY OF WATER

5. In a Critical Year, the Contractor shall have the option to:

(a) Irrigate not in excess of 75 percent of its irrigable acreage shown on Exhibit A; or

(b) Divert from the Sacramento River not in excess of 75 percent of the Contract Total shown on Exhibit A, subject to the installation of measurement equipment satisfactory to the Contracting Officer. The Contractor shall install, operate, and maintain this equipment at the Contractor's expense. The Contractor shall submit, by April 1 of that Critical Year, a written schedule to the Contracting Officer indicating the Contract Total to be diverted by the Contractor during each month of that Critical Year under this Settlement Contract.

(c) The amount of any overpayment by the Contractor shall, at its option, be refunded or credited upon amounts to become due to the United States from the Contractor under the provisions hereof in the ensuing Year. To the extent of such deficiency such adjustment of overpayment shall constitute the sole remedy of the Contractor.

INTEGRATED WATER MANAGEMENT AND PARTNERSHIPS

6. The Contractor and United States desire to work together to maximize the reasonable beneficial use of water for their mutual benefit. As a consequence, the United States and the Contractor will work in partnership and with others within the Sacramento Valley, including other contractors, to facilitate the better integration within the Sacramento Valley of all water supplies including, but not limited to, the better management and integration of surface water and groundwater, the development and better utilization of surface water storage, the effective utilization of waste, seepage and return flow water, and other operational and management options that may be identified in the future.

USE OF WATER FURNISHED TO CONTRACTOR

7. (a) Project Water furnished to the Contractor pursuant to this Settlement Contract shall not be delivered or furnished by the Contractor for any purposes other than agricultural purposes without the written consent of the Contracting Officer. For purposes of this Settlement Contract, "agricultural purposes" includes, but is not restricted to, the irrigation of crops, the watering of livestock, incidental domestic use including related landscape irrigation, and underground water replenishment.

(b) The Contractor shall comply with requirements applicable to the Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution of this Settlement Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973, as amended, that are within the Contractor's legal authority to implement. The Existing Contract, which evidences in excess of 40 years of diversions, for agricultural uses, of the quantities of water provided for in Article 3, and the underlying water rights of the Contractor will be considered in developing an appropriate base-line for the Biological Assessment prepared

pursuant to the Endangered Species Act, and in any other needed environmental review. Nothing herein shall be construed to prevent the Contractor from challenging or seeking judicial relief in a court of competent jurisdiction with respect to any biological opinion or other environmental documentation referred to in this Article.

RATE AND METHOD OF PAYMENT FOR WATER

8. (a) The Contractor shall make payments to the United States as provided in this Article for each acre of land irrigated from April 1, through October 31 each Year. Such payments shall be at Rates and Charges established in accordance with: (i) the Secretary's then current ratesetting policies for the Project; and (ii) applicable Reclamation law and associated rules and regulations, or policies; Provided, that if the Contractor desires to use Project Water for other than agricultural purposes the Rates and Charges set forth above will be adjusted by the Contracting Officer to the applicable Rates and Charges for such purposes. The Rates and Charges applicable to the Contractor upon execution of this Settlement Contract are set forth in Exhibit D, as may be revised annually. The Secretary's ratesetting policies for the Project shall be amended, modified, or superseded only through a public notice and comment procedure.

(b) The Contracting Officer shall notify the Contractor of the Rates and Charges as follows:

(1) Prior to July 1 of each Year, the Contracting Officer shall provide the Contractor an estimate of the Charges for Project Water that will be applied to the period October 1, of the current Year, through September 30, of the following Year, and the basis for such estimate. The Contractor shall be allowed not less than two months to review and comment on such estimates. On or before September 15 of each Year, the Contracting Officer shall notify

271 the Contractor in writing of the Charges to be in effect during the period October 1 of the current
272 Year, through September 30, of the following Year, and such notification shall revise Exhibit D.

273 (2) Prior to October 1 of each Year, the Contracting Officer shall make
274 available to the Contractor an estimate of the Rates for Project Water for the following Year and
275 the computations and cost allocations upon which those Rates are based. The Contractor shall be
276 allowed not less than two months to review and comment on such computations and cost
277 allocations. By December 31 of each Year, the Contracting Officer shall provide the Contractor
278 with the final Rates to be in effect for the upcoming Year, and such notification shall revise
279 Exhibit D.

280 (c) The Contractor shall pay the United States for Project Water in the following
281 manner:

282 (1) With respect to Rates and Charges, on or before May 1 of each Year, the
283 Contractor shall pay the United States one-half the total amount payable pursuant to
284 subdivision (a) of this Article and the remainder shall be paid on or before July 1 or such later
285 date or dates as may be specified by the United States in a written notice to the Contractor.

286 (2) The amount to be paid on or before May 1 of each Year shall be based on
287 a written estimate, provided to the Contracting Officer by the Contractor on or before April 1 of
288 each Year, of the total area to be irrigated between April 1 and October 31 of that Year.

289 (3) The amount to be paid on or before July 1 shall be equal to the difference
290 between the amount paid on May 1 and the total amount due for the Year, based on the total area
291 actually irrigated from April 1 to July 1.

(4) If additional areas are placed under irrigation on or after July 1, but before October 31, additional payment shall be made in advance of such additional irrigation at the Rates and Charges shown in Exhibit D for each additional acre placed under irrigation.

(d) Payments to be made by the Contractor to the United States under this Settlement Contract may be paid from any revenues available to the Contractor. All revenues received by the United States from the Contractor relating to the delivery of Project Water or the delivery of non-Project Water through Project facilities shall be allocated and applied in accordance with Federal Reclamation law and the associated rules or regulations, and the then current Project ratesetting policies for irrigation water.

(e) The Contracting Officer shall keep its accounts pertaining to the administration of the financial terms and conditions of its long-term water service and Settlement Contracts, in accordance with applicable Federal standards, so as to reflect the application of Project costs and revenues. The Contracting Officer shall, each Year upon request of the Contractor, provide to the Contractor a detailed accounting of all Project and Contractor expense allocations, the disposition of all Project and Contractor revenues, and a summary of all water delivery information. The Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any discrepancies or disputes relating to accountings, reports, or information.

(f) The parties acknowledge and agree that the efficient administration of this Settlement Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms, policies, and procedures used for establishing Rates and Charges and/or for making and allocating payments, other than those set forth in this Article may be in the mutual best interest of the parties, it is expressly agreed that the parties may enter into agreements to modify

the mechanisms, policies, and procedures for any of those purposes while this Settlement Contract is in effect without amendment of this Settlement Contract.

(g) For the term of this Settlement Contract, Rates under the respective ratesetting policies for the Project will be established to recover only reimbursable operation and maintenance (including any deficits) and capital costs of the Project, as those terms are used in the then-current Project ratesetting policies, and interest, where appropriate, except in instances where a minimum Rate is applicable in accordance with the relevant Project ratesetting policy. Proposed changes of significance in practices which implement the ratesetting policies for the Project will not be implemented until the Contracting Officer has provided the Contractor an opportunity to discuss the nature, need, and impact of the proposed change. The Contractor retains all rights to challenge the validity of Rates and Charges imposed pursuant to this Settlement Contract, including but not limited to operation and maintenance expenses and operation and maintenance deficits, in an appropriate administrative or judicial proceeding.

(h) Except as provided in subsection 3405(a)(1)(B) of the CVPIA, the Rates for Project Water transferred, exchanged, or otherwise disposed of, by the Contractor shall be the Contractor's Rates adjusted upward or downward to reflect the changed costs of delivery (if any) of the transferred, exchanged, or otherwise disposed of Project Water to the transferee's point of delivery in accordance with the then-current ratesetting policies for the Project. Except as provided in subsection 3407(d)(2)(A) of the CVPIA, the Charges for Project Water transferred, exchanged, or otherwise disposed of, by the Contractor shall be the Contractor's Charges specified in Exhibit D. If the Contractor is receiving lower Rates and Charges because of inability to pay and is transferring, exchanging, or otherwise disposing of Project Water to another entity whose Rates and Charges are not adjusted due to inability to pay, the Rates and

337 Charges for transferred, exchanged, or otherwise disposed of Project Water shall be the
338 Contractor's Rates and Charges unadjusted for ability to pay.

339 (i) Pursuant to the Act of October 27, 1986 (100 Stat. 3050), the Contracting Officer
340 is authorized to adjust determinations of ability to pay every five years.

341 (j) Each payment to be made pursuant to subdivisions (a) and (c) of this Article shall
342 be made at the office of the Bureau of Reclamation, MP Region: Mid-Pacific, P.O. Box 894242,
343 Los Angeles, CA 90189-4242, or at such other place as the United States may designate in a
344 written notice to the said Contractor. Payments shall be made by cash transaction, wire, or any
345 other mechanism as may be agreed to in writing by the Contractor and the Contracting Officer.
346 In event there should be a default in the payment of the amount due, the delinquent payment
347 provisions of Article 13 shall apply. The Contractor shall not be relieved of the whole or any
348 part of its said obligation by, on account of, or notwithstanding, as the case may be its failure,
349 refusal, or neglect to divert the quantity of Project Water shown on Exhibit A.

350 AGREEMENT ON WATER QUANTITIES

351 9. (a) During the term of this Settlement Contract and any renewals thereof:

352 (1) It shall constitute full agreement as between the United States and the
353 Contractor as to the quantities of water and the allocation thereof between Base Supply and
354 Project Water which may be diverted by the Contractor from the Sacramento River for beneficial
355 use on the land shown on Exhibit B from April 1 through October 31, which said diversion, use,
356 and allocation shall not be disturbed so long as the Contractor shall fulfill all of its obligations
357 hereunder;

358 (2) Neither party shall claim any right against the other in conflict with the
359 provisions of Article 9(a)(1) hereof.

360 (b) Nothing herein contained is intended to or does limit rights of the Contractor
361 against others than the United States or of the United States against any person other than the
362 Contractor; Provided, however, that in the event the Contractor, the United States, or any other
363 person shall become a party to a general adjudication of rights to the use of water of the
364 Sacramento River system, this Settlement Contract shall not jeopardize the rights or position of
365 either party hereto or of any other person and the rights of all such persons in respect to the use
366 of such water shall be determined in such proceedings the same as if this Settlement Contract had
367 not been entered into, and if final judgment in any such general adjudication shall determine that
368 the rights of the parties hereto are different from the rights as assumed herein, the parties shall
369 negotiate an amendment to give effect to such judgment. In the event the parties are unable to
370 agree on an appropriate amendment they shall, within 60 days of determining that there is an
371 impasse, employ the services of a neutral mediator, experienced in resolving water rights
372 disputes, to assist in resolving the impasse. The cost of the mediation will be shared equally. A
373 failure to reach agreement on an amendment within 60 days of the end of mediation will cause
374 the immediate termination of this Settlement Contract.

375 (c) In the event that the California State Water Resources Control Board or a court of
376 competent jurisdiction issues a final decision or order modifying the terms and conditions of the
377 water rights of either party to this Settlement Contract in order to impose Bay-Delta water
378 quality obligations, the Contractor and the United States shall promptly meet to determine
379 whether or not to modify any of the terms of this Settlement Contract to comply with the final
380 decision or order. If within 60 days of the date of the issuance of the final decision or order the
381 parties are not able to reach agreement regarding either the need to modify this Settlement
382 Contract or the manner in which this Settlement Contract is to be modified, the parties shall

promptly retain a neutral mediator, experienced in resolving water right disputes, to assist the parties in resolving their dispute. The cost of the mediator shall be shared equally. In the event that either of the parties to this Settlement Contract determines that the parties will not be able to develop mutually-agreeable modification(s) to this Settlement Contract even with the assistance of a mediator, either of the parties to this Settlement Contract may attempt to resolve the impasse by seeking appropriate judicial relief including, but not limited to, filing a general adjudication of the rights to the use of water in the Sacramento River system. The foregoing provisions of this sub-article shall only apply to the incremental obligations contained within a final decision or order of the State Water Resources Control Board that reflects a modification to the obligations imposed in State Water Resources Control Board Revised Water Rights Decision 1641 dated March 15, 2000, and its associated 1995 Water Quality Control Plan which, taken together, will be considered the baseline for the application of the provisions of this sub-article.

(d) In the event this Settlement Contract terminates, the rights of the parties to thereafter divert and use water shall exist as if this Settlement Contract had not been entered into; and the fact that as a compromise settlement of a controversy as to the respective rights of the parties to divert and use water and the yield of such rights during the term hereof, this Settlement Contract places a limit on the Contract Total to be diverted annually by the Contractor during the Settlement Contract term and segregates it into Base Supply and Project Water shall not jeopardize the rights or position of either party with respect to its water rights or the yield thereof at all times after the Settlement Contract terminates. It is further agreed that the Contractor at all times will first use water to the use of which it is entitled by virtue of its own water rights, and neither the provisions of this Settlement Contract, action taken thereunder, nor payments made thereunder to the United States by the Contractor shall be construed as an admission that any part

of the water used by the Contractor during the term of this Settlement Contract was in fact water to which it would not have been entitled under water rights owned by it nor shall receipt of payments thereunder by the United States from the Contractor be construed as an admission that any part of the water used by the Contractor during the term of this Settlement Contract was in fact water to which it would have been entitled under water rights owned by it.

MEASUREMENT OF WATER

10. (a) All water diverted by the Contractor from the Sacramento River will be diverted at the existing point or points of diversion shown on Exhibit A or at such other points as may be mutually agreed upon in writing by the Contracting Officer and the Contractor.

(b) The right of ingress to and egress from all points of diversion is hereby granted to all authorized employees of the United States. The Contractor also hereby grants to the United States the right to install, operate, maintain, and replace measuring equipment on diversion or carriage facilities at each point of diversion as the Contracting Officer deems necessary.

(c) The Contractor shall not modify, alter, remove, or replace diversion facilities or do any other act which would alter the effectiveness or accuracy of the measuring equipment installed by the United States or its representatives unless and until the Contracting Officer has been notified with due diligence and has been given an opportunity to modify such measuring equipment in such manner as may be necessary or appropriate. In the event of an emergency the Contractor shall notify the United States within a reasonable time thereafter as to the existence of the emergency and the nature and extent of such modification, alteration, removal, or replacement of diversion facilities.

(d) The Contractor shall pay the United States for the costs to repair, relocate, or replace measurement equipment when the Contractor modifies, alters, removes, or replaces diversion or carriage facilities.

RULES AND REGULATIONS

11. The parties agree that the delivery of Project Water for irrigation use or use of Federal facilities pursuant to this Settlement Contract is subject to Federal Reclamation law, including but not limited to, the Reclamation Reform Act of 1982 (43 U.S.C.390aa et seq.), as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation law.

GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

12. (a) The obligation of the Contractor to pay the United States as provided in this Settlement Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may be distributed among the Contractor's water users and notwithstanding the default of individual water users in their obligations to the Contractor.

(b) The payment of Charges becoming due hereunder is a condition precedent to receiving benefits under this Settlement Contract. The United States shall not make water available to the Contractor through Project facilities during any period in which the Contractor may be in arrears in the advance payment of water Rates due the United States. The Contractor shall not furnish water made available pursuant to this Settlement Contract for lands or parties which are in arrears in the advance payment of water rates levied or established by the Contractor.

(c) With respect to subdivision (b) of this Article, the Contractor shall have no obligation to require advance payment for water Rates which it levies.

CHARGES FOR DELINQUENT PAYMENTS

13. (a) The Contractor shall be subject to interest, administrative and penalty charges on delinquent installments or payments. When a payment is not received by the due date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty charge of six percent per year for each day the payment is delinquent beyond the due date. Further, the

458 Contractor shall pay any fees incurred for debt collection services associated with a delinquent
459 payment.

460 (b) The interest charge rate shall be the greater of the rate prescribed quarterly in the
461 Federal Register by the Department of the Treasury for application to overdue payments, or the
462 interest rate of one-half of one percent per month prescribed by Section 6 of the Reclamation
463 Project Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the
464 due date and remain fixed for the duration of the delinquent period.

465 (c) When a partial payment on a delinquent account is received, the amount received
466 shall be applied, first to the penalty, second to the administrative charges, third to the accrued
467 interest, and finally to the overdue payment.

468 QUALITY OF WATER

469 14. The operation and maintenance of Project facilities shall be performed in such manner as
470 is practicable to maintain the quality of raw water made available through such facilities at the
471 highest level reasonably attainable as determined by the Contracting Officer. The United States
472 does not warrant the quality of water and is under no obligation to construct or furnish water
473 treatment facilities to maintain or better the quality of water.

474 WATER AND AIR POLLUTION CONTROL

475 15. The Contractor, in carrying out this Settlement Contract, shall comply with all applicable
476 water and air pollution laws and regulations of the United States and the State of California, and
477 shall obtain all required permits or licenses from the appropriate Federal, State, or local
478 authorities.

479 EQUAL OPPORTUNITY

480 16. During the performance of this Settlement Contract, the Contractor agrees as follows:

481 (a) The Contractor will not discriminate against any employee or applicant for
482 employment because of race, color, religion, sex, or national origin. The Contractor will take
483 affirmative action to ensure that applicants are employed, and that employees are treated during
484 employment, without regard to their race, color, religion, sex, or national origin. Such action
485 shall include, but not be limited to, the following: Employment, upgrading, demotion, or
486 transfer; recruitment or recruitment advertising; layoff or termination, rates of payment or other
487 forms of compensation; and selection for training, including apprenticeship. The Contractor

488 agrees to post in conspicuous places, available to employees and applicants for employment,
489 notices to be provided by the Contracting Officer setting forth the provisions of this
490 nondiscrimination clause.

491 (b) The Contractor will, in all solicitations or advertisements for employees placed by
492 or on behalf of the Contractor, state that all qualified applicants will receive consideration for
493 employment without discrimination because of race, color, religion, sex, or national origin.

494 (c) The Contractor will send to each labor union or representative of workers with
495 which it has a collective bargaining agreement or other contract or understanding, a notice, to be
496 provided by the Contracting Officer, advising the said labor union or workers' representative of
497 the Contractor's commitments under Section 202 of Executive Order 11246 of September 24,
498 1965, and shall post copies of the notice in conspicuous places available to employees and
499 applicants for employment.

500 (d) The Contractor will comply with all provisions of Executive Order No. 11246 of
501 September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the
502 Secretary of Labor.

503 (e) The Contractor will furnish all information and reports required by said amended
504 Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant
505 thereto, and will permit access to its books, records, and accounts by the Contracting Officer and
506 the Secretary of Labor for purposes of investigation to ascertain compliance with such rules,
507 regulations, and orders.

508 (f) In the event of the Contractor's noncompliance with the nondiscrimination clauses
509 of this Settlement Contract or with any of the said rules, regulations, or orders, this Settlement
510 Contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may
511 be declared ineligible for further Government contracts in accordance with procedures
512 authorized in said amended Executive Order, and such other sanctions may be imposed and
513 remedies invoked as provided in said Executive Order, or by rule, regulation, or order of the
514 Secretary of Labor, or as otherwise provided by law.

515 (g) The Contractor will include the provisions of paragraphs (a) through (g) in every
516 subcontract or purchase order unless exempted by the rules, regulations, or orders of the
517 Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such
518 provisions will be binding upon each subcontractor or vendor. The Contractor will take such
519 action with respect to any subcontract or purchase order as may be directed by the Secretary of
520 Labor as a means of enforcing such provisions, including sanctions for noncompliance:
521 Provided, however, that in the event the Contractor becomes involved in, or is threatened with,
522 litigation with a subcontractor or vendor as a result of such direction, the Contractor may request
523 the United States to enter into such litigation to protect the interests of the United States.

524 17. Omitted.

525 18. Omitted.

526

BOOKS, RECORDS, AND REPORTS

527 19. The Contractor shall establish and maintain accounts and other books and records
528 pertaining to administration of the terms and conditions of this Settlement Contract, including:
529 the Contractor's financial transactions, water supply data, and Project land and right-of-way
530 agreements; the water users' land-use (crop census), land ownership, land-leasing and water use
531 data; and other matters that the Contracting Officer may require. Reports thereon shall be
532 furnished to the Contracting Officer in such form and on such date or dates as the Contracting
533 Officer may require. Subject to applicable Federal laws and regulations, each party to this
534 Settlement Contract shall have the right during office hours to examine and make copies of each
535 other's books and official records relating to matters covered by this Settlement Contract.

536

CHANGE OF PLACE OF USE

537 20. Unless the written consent of the United States is first obtained no change shall be made
538 in the place of water use shown on Exhibit B.

539 21. Omitted.

540

NOTICES

541 22. Any notice, demand, or request authorized or required by this Settlement Contract shall
542 be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
543 delivered to the Area Manager, Northern California Area Office, Bureau of Reclamation, 16349
544 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United States, when
545 mailed, postage prepaid, or delivered to The Emile and Simone Furlan Family Trust, 22122
546 Karnak Road, Knights Landing, California 95645-9405. The designation of the addressee or the
547 address may be changed by notice given in the same manner as provided in this Article for other
548 notices.

549

ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

550 23. (a) The provisions of this Settlement Contract shall apply to and bind the successors
551 and assigns of the parties hereto, but no assignment or transfer of this Settlement Contract or any
552 right or interest therein shall be valid until approved in writing by the Contracting Officer.

553 (b) The assignment of any right or interest in this Settlement Contract by either party
554 shall not interfere with the rights or obligations of the other party to this Settlement Contract
555 absent the written concurrence of said other party.

556 (c) The Contracting Officer shall not unreasonably condition or withhold his approval
557 of any proposed assignment.

(d) The Contracting Officer shall designate a full-time employee of the Bureau of Reclamation to be the System Manager who shall be responsible for making decisions on denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The Contractor is authorized to grant requests by individuals for access to their own records.

(e) The Contractor shall forward promptly to the System Manager each proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System Manager with information and records necessary to prepare an appropriate response to the requester. These requirements do not apply to individuals seeking access to their own certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.18, unless the requester elects to cite the Privacy Act as a basis for the request.

WATER CONSERVATION

29. (a) Prior to the diversion of Project Water, the Contractor shall be implementing an effective water conservation and efficiency program based on the Basin-Wide Water Management Plan and/or Contractor's water conservation plan that has been determined by the Contracting Officer to meet the conservation and efficiency criteria for evaluating water conservation plans established under Federal law. The water conservation and efficiency program shall contain definite water conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives. Continued diversion of Project Water pursuant to this Settlement Contract shall be contingent upon the Contractor's continued implementation of such water conservation program. In the event the Contractor's water conservation plan or any revised water conservation plan completed pursuant to subdivision (d) of Article 29 of this Settlement Contract have not yet been determined by the Contracting Officer to meet such criteria, due to circumstances which the Contracting Officer determines are beyond the control of the Contractor, Project Water deliveries shall be made under this Settlement Contract so long as the Contractor diligently works with the Contracting Officer to obtain such determination at the earliest practicable date, and thereafter the Contractor

immediately begins implementing its water conservation and efficiency program in accordance with the time schedules therein.

(b) The Contractor shall submit to the Contracting Officer a report on the status of its implementation of the water conservation plan on the reporting dates specified in the then existing conservation and efficiency criteria established under Federal law.

(c) At five-year intervals, the Contractor shall revise its water conservation plan to reflect the then current conservation and efficiency criteria for evaluating water conservation plans established under Federal law and submit such revised water management plan to the Contracting Officer for review and evaluation. The Contracting Officer will then determine if the water conservation plan meets Reclamation's then current conservation and efficiency criteria for evaluating water conservation plans established under Federal law.

(d) If the Contractor is engaged in direct groundwater recharge, such activity shall be described in the Contractor's water conservation plan.

OPINIONS AND DETERMINATIONS

30. (a) Where the terms of this Settlement Contract provide for actions to be based upon the opinion or determination of either party to this Settlement Contract, said terms shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of this Settlement Contract, expressly reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner. Nothing in subdivision (a) of Article 30 of this Settlement Contract is intended to or shall affect or alter the standard of judicial review

applicable under Federal law to any opinion or determination implementing a specific provision of Federal law embodied in statute or regulation.

(b) The Contracting Officer shall have the right to make determinations necessary to administer this Settlement Contract that are consistent with the provisions of this Settlement Contract, the laws of the United States and of the State of California, and the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall be made in consultation with the Contractor to the extent reasonably practicable.

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

31. (a) In addition to all other payments to be made by the Contractor pursuant to this Settlement Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and detailed statement submitted by the Contracting Officer to the Contractor for such specific items of direct cost incurred by the United States for work requested by the Contractor associated with this Settlement Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies and procedures. All such amounts referred to in this Article shall not exceed the amount agreed to in writing in advance by the Contractor. This Article shall not apply to costs for routine contract administration.

(b) All advances for miscellaneous costs incurred for work requested by the Contractor pursuant to Article 31 of this Settlement Contract shall be adjusted to reflect the actual costs when the work has been completed. If the advances exceed the actual costs incurred, the difference will be refunded to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be billed for the additional costs pursuant to Article 31 of this Settlement Contract.

WAIVER OF DEFAULT

32. The waiver by either party to this Settlement Contract as to any default shall not be construed as a waiver of any other default or as authority of the other party to continue such default or to make, do, or perform, or not to make, do, or perform, as the case may be, any act or thing which would constitute a default.

CONTRACT ASSIGNMENT OR TERMINATION UPON TRANSFER OF LAND

33. (a) The rights and obligations of the Contractors may be transferred in connection with the transfer of title to the land or any portion thereof delineated on Exhibit B on the following terms and conditions:

(1) A voluntary *inter vivos* transfer may be made, upon mutual agreement of the United States and the Contractors, to a person eligible to hold title to the land as a nonexcess landowner; and

(2) In the event the title of the Contractors to such land, or any portion thereof, is transferred by operation of law, such as by conveyance in satisfaction of a mortgage, by inheritance, or by device, the rights and obligations of the Contractors shall pass with the title and the land shall be subject to provisions of Reclamation law pertaining to such transfers. Any transfer of the rights and obligations of this Settlement Contract by the person acquiring title by operation of law shall be in accordance with provisions of subsection (1) above.

(b) The Contractors shall notify the Contracting Officer in writing of any proposed transfer of this Settlement Contract. In addition, in the case of a partial assignment the Contractors shall:

(1) Designate the proportionate quantities of Base Supply and Project Water which they desire to assign; and

685 (2) Furnish the United States with a copy of the deed transferring title.

686 (c) No transfer of this Settlement Contract shall be effective unless and until
687 approved by the Contracting Officer, and, if approved, shall be effective from the date of such
688 approval.

689 (d) Upon mutual agreement between the United States and the Contractor, this
690 Settlement Contract or a portion thereof may be terminated and the new landowner will have the
691 privilege of entering into a Settlement Contract for water service for a proportionate share of the
692 Contract Total provided he is duly qualified to receive water for such land.

693 TERMINATION

694 34. This Settlement Contract will terminate upon mutual agreement of the parties prior to the
695 end of the term or any renewal thereof.

696 IN WITNESS WHEREOF, the parties hereto have executed this Settlement Contract as of the
697 day and year first hereinabove written.

698 THE UNITED STATES OF AMERICA

699 APPROVED AS TO LEGAL
700 FORM AND SUFFICIENCY
701 *James E. [Signature]*
OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR

By: *[Signature]*
Regional Director, Mid-Pacific Region
Bureau of Reclamation

702 (SEAL)

703 EMILE AND SIMONE FURLAN FAMILY TRUST

704 *Simone Furlan*
705 Trustee

ALL-PURPOSE ACKNOWLEDGEMENT

State of California

County of Sutter

} SS.

On 3/30/2006

(DATE)

before me, LAVERNE M. DRIVER, Notary

(NOTARY)

personally appeared SIMONE FURLAN, Trustee

(SIGNER(S))



personally known to me

- OR -



proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Laverne M. Driver
NOTARY'S SIGNATURE

OPTIONAL INFORMATION

The information below is not required by law. However, it could prevent fraudulent attachment of this acknowledgement to an unauthorized document.

CAPACITY CLAIMED BY SIGNER (PRINCIPAL)

- ☐ INDIVIDUAL
☐ CORPORATE OFFICER

TITLE(S)

- ☐ PARTNER(S)
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

OTHER

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

RIGHT THUMBPRINT
OF
SIGNER

Top of thumbprint here

Exhibit A

THE EMILE and SIMONE FURLAN FAMILY TRUST
Sacramento RiverSCHEDULE OF MONTHLY DIVERSIONS OF WATER

	Base Supply (AF)	Project Water (AF)	Contract Total (AF)
April	01	00	01
May	09	00	09
June	11	02	13
July	02	12	14
August	00	12	12
September	00	04	04
October	00	00	00
<i>Total</i>	23	30	53

Irrigable Acres: 24Points of Diversion: 32.5LDated: 03-15-2006



The Emile and Simone Furlan Family Trust



Contractor's Service Area



Point of Diversion

Contract No. 14-06-200-1175A-R-1

Exhibit B

0 0.5 1 Miles

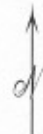


Exhibit C

Omitted

Exhibit D

THE EMILE and SIMONE FURLAN FAMILY TRUST
Sacramento River

2006 Water Rates and Charges per Irrigated Acre

	Irrigation
Cost of Service Rate	\$33.94
Full Cost Rates	
<i>Section 202(3) Rate</i>	\$43.17
Applicable to a Qualified Recipient or to a Limited Recipient receiving irrigation water on or before October 1, 1981	
<i>Section 205(a)(3) Rate</i>	\$47.49
Applicable to a Limited Recipient who did not receive irrigation water on or before October 1, 1981.	
Charges Under P.L. 102-575 To The Restoration Fund¹	\$14.79
Restoration Payments (3407(d)(2)(A))	

¹ Restoration fund charges are payments in addition to the water rates and were determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund charges are on a fiscal year basis (10/1 - 9/30).

AMENDMENT TO
THE EMILE AND SIMONE FURLAN FAMILY TRUST
UNDER DECLARATION OF TRUST
DATED JUNE 6, 1996

COPY

EMILE FURLAN AND SIMONE FURLAN as settlors and trustees of The Emile and Simone Furlan Family Trust, under Declaration of Trust Dated June 6, 1996, declare that said trust is hereby been amended as follows:

1. Article V Revocation and Amendment is hereby deleted and the following language is hereby substituted:

V. REVOCATION AND AMENDMENT

A. REVOCATION: Notwithstanding any provisions contained in this Trust to the contrary, either Settlor may revoke any portion of this Trust at any time during their lifetime by delivering a signed statement of revocation to the Trustee. This power to revoke shall survive the death of either Settlor.

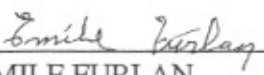
B. AMENDMENT: Notwithstanding any provisions contained in this Trust to the contrary, either Settlor may amend any portion of this Trust at any time by adding provisions hereto or by altering or deleting provisions contained herein, and delivering a signed statement of amendment to the Trustee. Such statement shall be made a part of this Trust. This power to amend survives the death of either Settlor.

C. IRREVOCABILITY UPON DEATH OF BOTH SETTLORS:
Upon the death of both Settlers of this Trust, this Trust shall become irrevocable.

2. Except as modified herein, all other terms and conditions of the Declaration of Trust are hereby confirmed and ratified as set forth in the Declaration of Trust.

3. In the event of a conflict between the terms of this Amendment and the Trust, the terms of this Amendment shall prevail.

Executed at Woodland, California, on July 1, 2005.



EMILE FURLAN
Settlor and Trustee

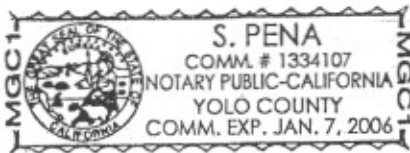


SIMONE FURLAN
Settlor and Trustee

STATE OF CALIFORNIA)
COUNTY OF YOLO) ss.

On July 1, 2005, before me, the undersigned, a notary public, personally appeared EMILE FURLAN and SIMONE FURLAN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signature on the instrument the persons or the entity(ies) upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.



S. Peña
NOTARY PUBLIC

DECLARATION OF TRUST

OVERVIEW OF PERTINENT INFORMATION

I. Initial Settlers and Trustees: **THE EMILE AND SIMONE FURLAN FAMILY TRUST**

Emile Furlan
Simone Furlan

II. Successor Trustee(s):

In the event of death or incapacitation of the above named Trustee(s), the individuals named are appointed to serve in line of succession as Successor Trustee(s):

Michele C. Leonard
Bernard C. Furlan
Helen M. McGill

III. Trust Property:

Initial corpus of ten dollars (\$10.00) and all assets listed on Schedule A.

**AMENDMENT TO
THE EMILE AND SIMONE FURLAN FAMILY TRUST
UNDER DECLARATION OF TRUST
DATED JUNE 6, 1996**

EMILE FURLAN AND SIMONE FURLAN as settlors and trustees of The Emile and Simone Furlan Family Trust, under Declaration of Trust Dated June 6, 1996, declare that said trust is hereby been amended as follows:

1. Article V Revocation and Amendment is hereby deleted and the following language is hereby substituted:

V. REVOCATION AND AMENDMENT

A. REVOCATION: Notwithstanding any provisions contained in this Trust to the contrary, either Settlor may revoke any portion of this Trust at any time during their lifetime by delivering a signed statement of revocation to the Trustee. This power to revoke shall survive the death of either Settlor.

B. AMENDMENT: Notwithstanding any provisions contained in this Trust to the contrary, either Settlor may amend any portion of this Trust at any time by adding provisions hereto or by altering or deleting provisions contained herein, and delivering a signed statement of amendment to the Trustee. Such statement shall be made a part of this Trust. This power to amend survives the death of either Settlor.

C. IRREVOCABILITY UPON DEATH OF BOTH SETTLORS:
Upon the death of both Settlers of this Trust, this Trust shall become irrevocable.

2. Except as modified herein, all other terms and conditions of the Declaration of Trust are hereby confirmed and ratified as set forth in the Declaration of Trust.

3. In the event of a conflict between the terms of this Amendment and the Trust, the terms of this Amendment shall prevail.

Executed at Woodland, California, on July 1, 2005.



EMILE FURLAN
Settlor and Trustee



SIMONE FURLAN
Settlor and Trustee

DECLARATION OF TRUST

THE EMILE AND SIMONE FURLAN FAMILY TRUST

We, Emile Furlan, and Simone Furlan, husband and wife, acting both as Settlers and Co-Trustees declare that we have set aside and hold in Trust \$10.00 and any other property described in Schedule A in addition to any Addendum to Schedule A attached to this instrument.

THE PRIMARY BENEFICIARIES of this Trust estate are the Settlers, husband and wife, as named above.

THE EFFECTIVE DATE of this Trust shall be the date that we both sign this instrument.

I. GENERAL PURPOSE AND FACT

A. PURPOSE: This Trust was created to hold the Settlers' combined estate and provide continuity of management of the estate, both during the Settlers' lifetimes and upon the Settlers' deaths to avoid probate of the estate. During the lives of the Settlers, all Trust benefits shall accrue to the Settlers. At the death of a Settler, any property remaining outside the Trust may pass to the Trust estate through provisions of the deceased Settlers Last Will and Testament (Pour-Over Will). After the death of both Settlers, all Trust benefits shall pass to their beneficiaries as provided herein.

B. THIS TRUST IS REVOCABLE AND AMENDABLE by the Settlers as provided under the terms of this agreement.

C. BENEFICIAL INTEREST: The Settlers have intentionally omitted naming any successor beneficiaries in this Trust except those that are named herein. There shall be no other beneficiaries unless the Settlers die without any living descendants.

D. ESTATE TAX CONSIDERATIONS: If the Settlers combined estate exceeds the maximum federal estate tax exemption, currently fixed by statute at six hundred thousand dollars (\$600,000.00), this Trust with its A-B Trust provision is intended to minimize the adverse effects of estate taxes.

E. USE OF IRS EMPLOYER TAX IDENTIFICATION NUMBER: The Settlers shall use either or both of their Social Security Numbers. Upon the Death of a spouse, the surviving spouse's Trust A remains revocable and shall be identified by using the Surviving Spouse's social security number. Decedent's Trust B becomes irrevocable, the assets in this Trust should be identified using the IRS Employer Identification Number. The IRS Employer Identification Number will be used when filing Trust tax return Form 1041. Upon the death of both husband and wife, the entire Trust becomes irrevocable by its terms and assets retained in Trust should be identified by using the IRS Employer Identification Number.

II. TRUST PROPERTY

A. THE TRUST ESTATE: All property subject to this agreement, or any Trust created here under from time to time, including the property listed in Schedule A, is referred to as the Trust Estate and shall be held, administered, and distributed according to this instrument.

B. ADDITIONAL PROPERTY acceptable to the Trustee may be added to the Trust at any time by the Settlers, either during their lifetimes or at death, or by other entity, person, or persons by gift, grant, conveyance, assignment, or will. Any additional property shall be listed and briefly described on an Addendum to Schedule A and attached and made a part of this Trust.

1. EMPLOYEE BENEFIT PLANS: The Trustee may be named the beneficiary of any employee benefit plan in which the Settlers have an interest. The Trustee shall evaluate the facts and circumstances respecting beneficiary needs, tax consequences, investment strategies, and other options that may be available and determine in his/her sole discretion how best to receive payment of such employee plan benefits.

2. LIFE INSURANCE: The Trustee may be named as the beneficiary of death benefits from life insurance policies, subject to the following terms:

a) The Trustee shall not be obligated to pay premiums or charges on any policy not owned by the Trust.

b) The Trustee shall not be responsible for acts or omissions of the policy owners concerning such policies, nor shall he/she be required to keep anyone informed respecting such policies.

c) The owner of any policy not owned by the Trust shall reserve all rights of ownership as conferred by the terms of the policy, including the right to change beneficiaries.

C. CHARACTER OF PROPERTY: The original corpus of the Trust estate is community property of the Settlers. While the Settlers are both still living, any property they transfer to Trust shall retain its original character. If the Trust is revoked in whole or in part, and property is distributed back to a Settlor, the Trustee shall distribute such property back to each respective Settlor with the same property rights they had prior to any transfer to the Trust. If either Settlor makes a gift of sole and separate property to the Trust estate, the gift shall be acknowledged in writing and he or she shall be deemed to have revoked all incidence or separate ownership.

III. ORIGINAL AND SUCCESSOR TRUSTEES

A. THE TRUSTEES shall serve with all powers, authority, and obligations as provided in this Trust and may act jointly or severally in conducting the business of this Trust and, unless specifically restricted, all Trusts created hereunder.

B. UPON THE DEATH, RESIGNATION OR INCAPACITATION of an original Co- Trustee, the surviving or competent Trustee may appoint, without the approval of any court, the First

Successor Trustee nominated herein to serve as a Co-Trustee of this Trust and all Trusts created hereunder. If, for any reason, both original Co-Trustees cease simultaneously to serve as Trustees, the First Successor Trustee nominated herein shall immediately and without court approval become Trustee of this Trust and all Trusts created hereunder and shall be empowered with all power as provided herein.

C. THE FIRST SUCCESSOR TRUSTEE, if serving as a sole Trustee, shall have authority to appoint the Second Successor Trustee as a full Co-Trustee. When there is more than one Successor Trustee acting simultaneously with other designated Trustees, the Co-Trustees so serving must act in concert. This provision does not apply to the Settlor(s). Any controversy between the Trustee or Trustees and any other Trustee or Trustees, or between any other parties to this Trust, including Beneficiaries, involving the construction or application of any of the terms, provisions, or conditions of this Trust shall, on the written request of either or any disagreeing party served on the other or others, be submitted to arbitration. The parties to such arbitration shall each appoint one person to hear and determine the dispute and, if they are unable to agree, then the persons so chosen shall select another impartial arbitrator whose decision shall be final and conclusive upon all parties. The cost of arbitration shall be borne by the losing party or parties, in such proportion as the arbitrator(s) shall decide. Such arbitration shall comply with the commercial Arbitration Rules of the American Arbitration Association, 140 West 51st Street, New York, New York, 10200. If, for any reason, a First Successor Trustee ceases to serve as Trustee, the next Successor Trustee nominated herein shall, without court approval, serve as Trustee hereunder. The Successor Trustees as nominated herein, shall be given equal power and authority to serve this Trust in line of succession as specified as Trustees:

1. First Successor Trustee: Michele C. Leonard
2. Second Successor Trustee: Bernard C. Furlan
3. Third Successor Trustee: Helen M. McGill

Successor Trustees are as per my wishes
please initial

x B. F.

x H. M.

D. RESIGNATION OF TRUSTEE: A Trustee may resign at any time by submitting a notice of resignation to the Settlers then living or to a Co-Trustee or Successor Trustee, in that order. A resigning Trustee shall be obligated to continue serving as Trustee the lesser of thirty (30) days

or until a Successor Trustee takes office and shall execute all documents and actions necessary to vest title to the Trust estate in the Successor Trustee without court accounting.

E. POWER TO APPOINT A SUCCESSOR TRUSTEE: If at any time the Trust or Trusts created herein has only one remaining Trustee and no designated Successor Trustee, that remaining Trustee shall have absolute and discretionary power to appoint a Co-Trustee or Successor Trustee from among the adult and legally competent descendants of the Settlers or from among the adult and legally competent spouses of such descendants. If, in the opinion of the Trustee, there is no individual qualified for such appointment, said Trustee may select a bank Trust department to act as Co-Trustee or a Successor Trustee.

F. ACCOUNTABILITY RESPECTING SUCCESSION: No Successor Trustee shall bear responsibility for acts or omissions of any prior Trustee or have a duty to audit the accounts or activities of such Trustee unless requested to do so by the Settlers or, upon the second Settlers death, a person or persons having at least a 30% beneficial interest in the Trust estate. Such request for audit or any claim against a previous Trustee must be made in writing within one (1) year after the Successor Trustee takes office. In the event of discovery of any wrongdoing, the existing Trustee shall, in his sole discretion, determine and take whatever action he deems appropriate or necessary.

G. TERM OF OFFICE: A Trustee may serve until death or resignation as provided herein.

H. BONDS: No Trustee shall be required to post a bond or a security for performance of duties while Trustee.

I. MARITAL DEDUCTIONS: It is expressly provided that the grant of rights, and authority to the Trustee in connection with the imposition of duties upon said Trustee by any provision of this Trust or any statute relating thereto shall not be effective if and to the extent that the same, if effective, would disqualify the marital deduction as established in Trust C.

IV. DISTRIBUTION OF EARNINGS AND PRINCIPAL

A. EARNINGS: The Trustee shall hold, manage, invest, and reinvest the Trust estate and collect all income therefrom. He/She shall, upon written demand signed by both settlers, pay to the Settlers during their joint lives any and all community property net earnings of the Trust estate. Likewise, the Trustee shall upon written demand from one Settlor, pay that respective Settlor all net income from his or her share of separate property in the Trust estate. If such community or separate net income is not demanded and paid during or at the end of each calendar year, the Trustee shall treat the unpaid earnings as part of the respective community or separate principal of the Trust estate.

B. PRINCIPAL: Upon written demand signed by both Settlers, the Trustee shall pay community property principal to the Settlers, as demanded, up to the whole principal amount. Upon signed demand by one Settlor, the Trustee shall pay that respective Settlor his or her share of separate property, as demanded, up to the whole amount.

V. REVOCATION AND AMENDMENT

A. REVOCATION: Either Settlor during the Settlers' joint lifetimes may revoke any portion of this Trust dealing with his or her separate property at any time by delivering a signed statement of revocation to the Trustee. Any statement of revocation respecting community property shall require the signatures of both Settlers.

B. AMENDMENT: The Settlers may at any time jointly amend any portion of this Trust by adding provisions hereto or by altering or deleting provisions contained herein, and delivering a signed statement of amendment to the Trustee. Such statement shall be attached to and made a part of this Trust.

C. IF A SETTLOR BECOMES INCAPACITATED OR INCOMPETENT, no person, including his or her legal guardian, conservator, court appointed conservator, or one holding his or her Durable Power of Attorney, shall have any power or authority to revoke or amend this Trust.

VI. ANNUAL REVIEW OF ESTATE VALUE

A. EACH YEAR THE TRUSTEE shall make a review of the value of the Trust estate and present his/her findings in writing to the Settlers no later than one hundred twenty (120) days after the end of the Trust's fiscal year. A primary purpose of this review is to help the Settlers assess the value of their combined estates and to help them better plan for the reduction or avoidance of federal and state estate taxes upon their respective deaths.

VII. CATASTROPHIC ILLNESS PROVISION

A. CATASTROPHIC ILLNESS PROVISION: If one of the Settlers becomes ill and hospital, medical, and/or other health care costs threaten to exhaust the principal and earnings of the Trust estate, the Settlers, by written directive delivered to the Trustee, may direct the Trustee to create an irrevocable Catastrophic Protection Trust.

VIII. PROVISION FOR A-B-C TRUSTS

A. CREATION OF SEPARATE TRUSTS: Upon the death of either Settlor the Trustee shall divide the Trust Estate into two (2) separate shares. Such division shall include any property which may be added from the deceased Settlers' general estate. One share shall be designated as Survivor's Trust A and the other share shall be designated as Decedent's Marital Share, Trust B and Trust C.

B. THE SURVIVOR'S TRUST-TRUST A: Survivor's Trust A shall consist of one-half (1/2) interest in the Joint Property of the Surviving Settlor. Upon creation of this Trust, survivors Trust A shall remain revocable during the life of the Surviving Settlor. Upon the death of the Surviving Settlor this share shall become irrevocable.

C. DIVISION OF MARITAL SHARE: The Marital Share shall be divided and administered as follows: An amount to the equivalent exemption available by reason of the unified tax credit available under Internal Revenue Code Section 2010 or any successor or modified version of that Section shall be placed in Decedent's Trust B and shall be administered under the terms of Trust B as hereinafter set forth (Decedent's Trust B) and any amount of the Marital Share exceeding the amount allocated to Trust B shall be administered under the terms of Trust C and hereinafter set forth.

1. WITHDRAWAL: The Surviving Spouse may at any time withdraw all of any part of the principal or net income of Trust A by delivering to the Trustees a written instrument duly signed by the Surviving Spouse, describing the property or portion thereof desired to be withdrawn. Upon receipt of such instrument the Trustees shall thereupon convey and deliver to the Surviving Spouse, free of Trust, the property described in such instrument.

2. GENERAL POWER: The Surviving Spouse is granted the general power exercisable by the Surviving Spouse's will to appoint all or any part of the principal and accrued or undistributed income remaining at the Surviving Spouse's estate, to creditors or the Surviving Spouse, or to one or more other persons, in such estate, interest and proportions as the Surviving Spouse may appoint by a will specifically referring to this section. This power shall be exercisable solely by the Surviving Spouse.

3. AT THE DEATH OF THE SURVIVING SPOUSE: At the death of the Surviving Spouse, the Trustee shall distribute the remaining assets of the Trust Survivor's Trust A in the manner provided in Section X.

D. DECEDENT'S MARITAL SHARE: Decedent's Marital Share consist of one half (1/2) interest in the Joint Property of the Trust Estate, and the Separate Property of the Decedents Settlor. Decedent's Marital Share shall be divided into Decedent's Trust B and Trust C. Upon creation of such Trust shares, Decedent's Trust B and Trust C are irrevocable. The Trustee shall have sole discretion to select that portion of the joint assets which shall be included in the marital share (descendants Trust B and Trust C). And no event, however, shall there be included in Trust C any assets or the proceeds of any assets which will not qualify for the federal estate tax marital deduction, and Trust C shall be reduced to the extent that it cannot be created with such qualifying assets. The Trustee shall value any asset selected by the Trustee for distribution in kind to the Marital Share at the value of such asset at the date of distribution to the Marital Share.

E. THE DESCENDANT'S TRUST-TRUST B: Decedent's Trust B shall be composed of cash, securities or other property of the Trust Estate (undiminished by any estate, inheritance, succession, death or similar taxes) having a value equal to the largest amount that, after allowing for the unified credit against the federal estate tax and the state death tax credit against such tax (but only to the extent that the use of such state death tax credit does not increase the death tax payable to any state), will not result in a federal estate tax being imposed on the estate of the deceased Settlor.

1. INCOME: The Trustee shall pay to and apply for the benefit of the Surviving Spouse all the net income from Trust B in convenient installments, monthly or quarterly, during his or her lifetime.

2. PRINCIPAL: The Trustee shall distributed such sums of the principal from Trust B to the Surviving Spouse, during his or her lifetime, which the Trustee in his sole discretion deems advisable or necessary for the health care, education, support and maintenance or the Surviving Spouse.

In addition to the above rights, the Surviving Spouse may have the right to withdrawal the greater of 5,000 or 5% of the "B" Trust each year for anything he or she wants as a matter of right. This is the maximum benefit over and above maintenance of the survivors accustomed manner of living.

3. DISCLAIMER OF INTEREST: The Surviving Spouse may disclaim all or any portion of the assets allocated to Share B by written notice delivered to the Trustees not later than nine (9) months after the Decedent Spouse's death. The disclaimer must be irrevocable and must be a "qualified disclaimer" as defined in IRS Sec. 2518. If the Surviving Spouse's dies or becomes incapacitated before the end of the Disclaimer Period (as defined in Para. 4 which follows), the disclaimer may be exercised by his or her guardian, conservator or the holder of his or her Durable Power of Attorney. Any disclaimed property shall be added to the Trust Estate to be administered and distributed in accordance with the provisions of Section X.

4. RESTRICTION ON DISTRIBUTION: For purposes of this paragraph and Para. 3 preceding, the term "Disclaimer Period" shall mean a period commencing with the date of the Decedent Spouse's death and ending on the earliest of the:

(a) date the Surviving Spouse elects to disclaim or not to disclaim all or any portion of his or her interest in Trust B,

(b) the last day following the date of the Decedent Spouse's death on which the Surviving Spouse can make a qualified disclaimer to any or all interest in Trust B in accordance with the provisions of IRS Sec. 2518, or

(c) the last day beyond which the assets which constitute Trust B will not qualify for the marital deduction in the estate of the Decedent Spouse under the provisions of IRS Sec. 2056.

Following the Disclaimer Period, all income and principal withheld in accordance with the foregoing provisions shall be distributed in accordance with the applicable provisions of this Trust. The foregoing shall not be construed to place any other limitations on distribution of principal or income from Trust B.

5. WRITTEN STATEMENT ON PERSONAL EFFECTS: Prior to making any allocation of the Trust Estate upon a Settlor's death the Trustees shall distribute the personal effects of the deceased Settlor as he or she may direct by a separate written statement or Assignment of

Personal Effects, furniture and furnishings, prepared and signed by the Deceased Settlor for that purpose, to those persons specifically named therein. The term "Personal Effects" shall mean all family assets which the Trustee holds for the Settlor at his or her death of a personal or household nature, such as clothing, jewelry, furniture, glassware, silver, works of art, pets, cameras, appliances, consumer electronics items, motor vehicles and collections. That term does not include tangible personal property used in a trade, business or profession and does not include intangible personal property, such as stocks, bonds, notes or other similar interests.

6. AT DEATH OF SURVIVING SPOUSE: Upon the death of the Surviving Spouse, all remaining assets in the Decedent's Trust B shall be distributed according to the provisions of Section X.

F. DECEDENT'S TRUST C: Decedent's Trust C shall be irrevocable and shall be held, administered and distributed as follows:

Trust C shall be composed of cash, securities or other property of the Trust estate (undiminished by any estate, inheritance, succession, death or similar taxes) having a value equal to the maximum marital deduction as finally determined in the predeceased spouse's federal estate tax proceedings, less the aggregate amount of marital deductions, if any, allowed for such estate tax purposes by reason of property or interest in property, passing or which have passed to the Surviving Spouse, otherwise than pursuant to the provisions of this article, reduced by the amount of cash, securities or other property allocated to Trust B herein.

1. PAYMENT OF INCOME: Commencing with the date of Predeceased Spouse's death, the Trustee shall pay to or apply for the benefit of the Surviving Spouse during his or her lifetime all the net income from Trust C in convenient installments, but no less frequently than quarterly.

2. PAYMENT OF PRINCIPAL: The Trustee may pay to, or apply for the benefit of, the Surviving Spouse, during his or her lifetime, such sums from the principal of Trust C as in the Trustee's sole discretion shall be necessary or advisable from time to time for the health care, education, support and maintenance of the Surviving Spouse, taking into consideration to the extent the Trustee deems advisable, any other income or resources of Trustee.

3. CONTROL OF ASSETS: The Surviving Spouse may, at any time by written notice, require the Trustee either to make any nonproductive property of this Trust productive or to convert productive property to nonproductive property, each within a reasonable time. The Surviving Spouse may further require the Trustee to invest part, or all, of this share of Trust assets for the purpose of maximizing income rather than growth, or growth rather than income.

4. QUALIFYING TRUST: It is the intent of the Settlers that this Trust C shall qualify for the Marital Deduction on the death of the first of them to die. They therefore direct that the Trustee (s) of this Trust C shall be a citizen of the United States, or a qualifying institution, so that by qualifying for the Marital Deduction the property of this Trust C shall not be taxed on the death of the first of the Settlor's to die. The Trustees of this Trust C shall not be taxed on the death of the first of the Settlers to die. The Trustees of this Trust C are hereby given the authority by the

Settlors to amend the Trust as necessary to conform it to the appropriate laws and regulations, now and in the future, that apply to a "Qualified Trust" as that term is defined by the Internal Revenue Code and related laws and regulations.

5. DISTRIBUTION OF RESIDUAL OF TRUST C: The balance of the principal of Trust C shall be distributed in accordance with the provisions specified in the section of this Trust.

IX. SUCCESSOR BENEFICIARIES TRUST

A. SUCCESSOR BENEFICIARIES' TRUST: The Successor Beneficiaries' Trust shall be created at the death of the second Settlor and shall be irrevocable as of that date. All remaining assets from the Decedent's Trust and the Survivor's Trust and the Settlor's Insurance Trust shall be poured over into the Successor Beneficiaries' Trust and administered and distributed by the Trustee as provided below.

X. DISTRIBUTIONS TO SUCCESSOR BENEFICIARIES

A. SUCCESSOR BENEFICIARIES: Upon the death of the surviving Settlor, the settlors' children and/or other persons named below shall become successor beneficiaries of the Trust estate and the Trustee shall distribute the Trust estate (now held in the Successor Beneficiaries' Trust) to these persons or their issue as hereinafter provided.

1. ASSIGNMENT OF PERSONAL EFFECTS: Prior to making any allocation of the Trust Estate, upon a Settlor's death, the Trustee shall distribute the personal effects of the deceased Settlor as he or she may direct by a separate written statement or Assignment of Personal Effects, Furniture, and Furnishings, prepared and signed by the deceased Settlor for that purpose to those persons specifically named therein. The term "Personal Effects" shall mean all family assets which the Trustee holds for the Settlor at his or her death of a personal or household nature, such as clothing, jewelry, furniture, glassware, silver, works of arts, pets, cameras, appliances, consumer electronic items, motor vehicles, and collections. That term does not include tangible personal property used in a trade, business or profession and does not include intangible personal property, such as stocks bonds, notes, or other similar interests.

In the absence of such written instrument, personal effects shall be part of the remaining assets of the Trust Estate and distributed in accordance with the provisions of this Trust and specifications of Schedule A.

2. GIFTS PRIOR TO DISTRIBUTION:

- a) None at this time.

3. SUCCESSOR BENEFICIARIES: The persons herein are named as Successor Beneficiaries. Their birth dates and percent of interest are:

Bernard C. Furlan	11/15/47	25%
Michele C. Leonard	11/28/58	25%
Helen M. McGill	5/10/53	25%
Paul A. Furlan*	4/28/52	25%

*Twenty-five percent (25%) of the Trust Estate shall be held in a sub-trust for the life of Paul A. Furlan, DOB 4/28/52, for the use and benefit of Paul A. Furlan. Such funds shall be distributed at Successor Trustee's sole discretion so long as any disbursement or use of any of these funds does not interfere with Paul A. Furlan's right to receive SSI or other similar benefits. Upon the death of Paul A. Furlan, any remaining assets or moneys shall be distributed equally among Paul A. Furlan's issue, if any.

Successor Beneficiaries are as per my wishes
please initial

x B. F.

x P. F.

4. SPECIAL INSTRUCTIONS:

- a) Upon the death of the surviving Settlor, the real properties located at 22122 Karnak Road, Knight Landing, California 95645 and property in Knights Landing, California 95645 of the Trust Estate shall be held in trust and administered by the Successor Trustee for the benefit of Bernard C. Furlan, Paul A. Furlan, Helen M. McGill, and Michele C. Leonard. Five years from the date of the death of the surviving Settlor, said beneficiaries may purchase said real properties at fair market value with the first right of refusal offered to Bernard Furlan, followed by Helen McGill, Michele Leonard, and Paul A. Furlan, in order. In case of disagreement a majority rule would be decided by Bernard Furlan, Helen McGill, and Michele Leonard.
- b) If a beneficiary predeceases the surviving Settlor, the deceased beneficiary's share shall be distributed equally among the deceased beneficiary's issue, if any.
- c) If all the beneficiaries predecease the surviving Settlor, the Trust Estate shall be distributed equally among the deceased beneficiaries' issue, if any.

B. GUARDIANSHIP PROVISION: If any successor beneficiaries are minor children under the age of eighteen (18) at the time of the surviving Settlor's death, the Settlers herein appoint the following person to be the minor children's legal guardian until such minors reach age eighteen. In the event the appointed guardian is unable, for any reason, to serve as guardian, the alternate guardian named below shall serve in that capacity:

Appointed Guardian:

Alternate Guardian:

1. COLLECTIVE BENEFITS: So long as there are successor beneficiaries under the age of eighteen (18), who are children of the Settlers, the Trustee shall distribute Trust principal or earnings for the direct or indirect benefit of any one or more of the successor beneficiaries, as the Trustee deems in his sole discretion to be necessary for the customary maintenance, support, and education of all the respective successor beneficiaries. The Trustee shall have no requirement to observe any principle of equality with respect to such distributions.

C. CREATING BENEFICIAL SHARES: If or when there are no successor beneficiaries under age eighteen (18), the Trustee shall immediately make a review and accounting of the Trust estate and divide the Trust estate into one or more shares, according to the number of successor beneficiaries, one share designated for each successor beneficiary in an amount equal to his or her respective percent interest in the Trust estate. Each share shall be referred to as a "beneficial share" and the "share date". The Trustee shall treat each respective beneficial share as a separate Trust, thereby creating a separate Trust for and on behalf of each successor beneficiary.

1. GUIDELINES FOR DIVIDING TRUST ESTATE FOR SUCCESSOR BENEFICIARIES: The Trustee shall have all power and sole discretion to divide all personal and real property in the Trust estate as he/she deems just and appropriate and his/her decision shall be binding and final. It is understood that a Successor Trustee may also be a successor beneficiary, entitled to a share of the Trust estate. The following subparagraphs are guidelines from the Settlers, not directives, in respect to dividing the Trust estate.

a) ASSET LIQUIDITY: The Settlers intend that the Trust estate, on the share date, shall be free of all encumbrances except for possible mortgages and/or Trust Deeds on real estate and that all investments other than real estate be of a nature that can be properly valued, easily liquidated, and/or physically divided.

b) REAL ESTATE HOLDINGS: If, at the share date, the Trust estate still holds real estate, the Trustee is herein encouraged to refrain from liquidating any such real estate holdings simply to facilitate dividing the Trust estate. Rather, the Trustee is encouraged to consult with all successor beneficiaries to ascertain their respective desire to own such property for investment or personal use. If there is a desire on the part of one or more successor beneficiaries to own real property, the Trustee is herein encouraged to facilitate such an arrangement wherever the Trustee deems it appropriate and equitable. However, if an ownership interest in real estate is included in any beneficial share, such real estate, shall be assigned a reasonable and fair market value as of the share date.

D. MANAGEMENT OF BENEFICIAL SHARES: If, on the share date, a successor beneficiary has not yet reached his or her twenty-first (21st) birthday, the Trustee shall continue to hold such successor beneficiary's share in the Trust estate and shall continue to manage such share until that respective successor beneficiary reaches twenty-one (21) years of age.

1. DISTRIBUTIONS FROM BENEFICIAL SHARES: The Trustee may distribute Trust principal or earnings to or for the direct benefit of a successor beneficiary from said successor beneficiary's respective beneficial share, up to the whole amount of such share, as the Trustee deems in his/her sole discretion to be necessary for the maintenance, support, and education of the respective successor beneficiary.

2. STATEMENT OF ACCOUNTS: While managing any such beneficial share, the Trustee shall provide a separate quarterly statement of accounts to each respective successor beneficiary regarding his or her beneficial share of Trust principal and income.

E. TOTALLY VESTED AT TWENTY-ONE (21): A successor beneficiary who is at least twenty-one (21) years of age on the share date, or upon reaching such age, shall be deemed the legal and vested owner of his or her beneficial share. The share shall now be referred to as a vested share and the successor beneficiary shall be entitled to his or her full distribution from the Trust estate. The Trustee is herein directed to distribute the vested share in its entirety.

1. DEATH BEFORE AGE TWENTY-ONE (21): If any successor beneficiary dies prior to age twenty-one (21) without a surviving spouse or children, the Trustee shall divide the decedent's beneficial share of the Trust estate equally among the remaining successor beneficiaries.

a) SURVIVING CHILDREN: If, however, the successor beneficiary is survived by children, the Trustee shall administer the successor beneficiary's share on behalf of such children, without regard to equality, and may distribute principal and earnings as the Trustee, in his/her sole and absolute discretion, deems necessary for the maintenance and support of the children. The Trustee may, at any time and at his/her discretion, fund a separate Trust or Trusts for the children (or, if deceased, their issue) from the decedent's beneficial share and appoint a Trustee or the children's parent or legal guardian, if applicable, to serve as Trustee of such Trust or Trusts. If separate Trusts have not been created prior to the date the youngest surviving child reaches twenty one (21), the Trustee shall make an accounting of Trust assets and divide the descendants remaining Trust estate equally according to the number of surviving children. The Trustee shall, at his/her sole discretion, determine the allocation of assets and his decision shall be final. Thereupon the Trust estate shall be distributed in its entirety to the surviving children.

F. SPENDTHRIFT CLAUSE: No beneficiary of this or any Trust hereunder shall alienate, encumber, or hypothecate his or her interest in the principal or income of such Trust in any manner, and to the fullest extent of the law the interests of any beneficiary shall not be subject to the claims of his or her creditors or liable to attachment, execution, or other process of law.

XI. POWERS OF TRUSTEE

A. THE TRUSTEE shall have the following powers, duties, and discretions in addition to all common law and statutory authority with regard to property held in this Trust or any Trust created hereunder, except as specifically restricted elsewhere in this Trust.

1. ACCEPTANCE AND RETENTION: The Trustee shall have power to accept and retain, without liability for loss or depreciation, the original Trust corpus and all other property thereafter transferred, devised or bequeathed to this Trust, whether or not such property is of a character considered suitable for a Trust investment.

2. BUSINESS OWNERSHIP: The Trustee shall have power to accept and hold any business, whether organized as a sole proprietorship, partnership, Trust, or corporation, that may become a part of the Trust estate, and to continue to operate such business solely at the risk of the Trust estate, and without liability to the Trustee for any losses resulting therefrom. In so doing, the Trustee may borrow money for business purposes, may pledge or encumber the assets of the business or Trust estate to secure a loan, and may employ officers, managers, employees, or agents as the Trustee may deem advisable in the operation of such business. Further, the Trustee may incorporate such business or dissolve, liquidate, or sell any or all of such business at such time or upon such terms as the Trustee may deem advisable.

3. GENERAL PROPERTY: The Trustee shall have power to do all acts and exercise all rights and privileges in the management of Trust property, whether real or personal or mixed, as if the absolute owner thereof, including, but without limitation herein, the right to control, manage, sell, convey, exchange, trade, partition, divide, subdivide, assign, improve, repair, rent, lease, grant options, abandon, create restrictions, grant easements, arbitrate, adjust claims, defend actions, institute actions, compromise actions, buy insurance, or conduct any and all business respecting Trust property, as the Trustee deems, in his/her sole discretion, advisable. In so doing, the Trustee may rent, lease, sell, convey, or option property on terms that may extend beyond the duration of the Trust and may receive payment for such in cash or in kind. Further, the Trustee may sell Trust property at public or private sale without approval of any court and on such terms and to such persons, including Trustees or Trust beneficiaries or any firm with which a Trustee or beneficiary is associated, as the Trustee deems proper and advisable, and without liability upon any person dealing with the Trustee to see to the application of any money or other property delivered to them.

4. SECURITIES: The Trustee shall have power to exercise all rights, powers, and privileges of an owner as follows: the right to hold title to securities in the name of the Trustee, a nominee, the Trust estate, as bearer, in protective Trusts or committees, or in registered or unregistered form; the right to vote stock, refrain from voting, and give general or limited proxies; the right to participate in partnerships, voting Trusts, pooled funds, foreclosures, reorganizations, consolidations, mergers, liquidations and the like, pay assessments related thereto, and participate in management if deemed advisable; the right to open brokerage accounts of every kind and description, including margin accounts, and to authorize such brokerage firms or financial institutions to act upon any and all orders with respect to such accounts, or securities or

money therein, received from the Trustee. The Trustee is further authorized to execute, deliver, or receive any document necessary to carry out the powers contained herein and may carry out such powers directly or through agents.

5. LOCATION OF ASSETS: The Trustee shall have power to keep the whole or any part of the Trust estate in the jurisdiction where the Trustee is located from time to time or in any other jurisdiction deemed acceptable to the Trustee.

6. TRANSFER TO OTHER TRUSTS: The Trustee shall have power to allocate and transfer, as provided in this Trust, all or any portion of the Trust estate to one or more other Trusts created hereunder, irrespective of whether such Trust or Trusts are administered under the laws of the present jurisdiction of this Trust.

7. BANK ACCOUNTS: The Trustee shall have power to open and maintain one or more savings accounts, checking accounts, term accounts, or current accounts with any bank, savings institution, or thrift, wherever located, and may deposit to such accounts all or any part of the Trust estate, whether or not such funds may earn interest, and may authorize withdrawal therefrom by check or other instrument or by such person or persons as the Trustee may from time to time authorize.

8. INVESTMENT POWERS: The Trustee shall have broad investment and management powers with respect to the acquisition, holding, and disposition of all assets comprising the Trust estate. The specific powers described below shall be without prejudice to the generality of the Trustees investment powers otherwise conferred in this agreement.

a) GENERAL: The Trustee shall have power to invest and reinvest principal and income; to purchase or acquire by any legal method therewith every kind of real, personal, or mixed property for investment. Specifically, but not by way of limitation, the Trustee may invest in mutual funds, common Trust funds, pooled funds, corporate obligations, preferred or common stock, warrants, restricted stock, bonds, commodities, options, state or federal government obligations, certificates of deposit, letters of credit, factoring, partnerships, joint ventures, investment contracts, mortgages, Trust Deeds, real estate, construction projects, mineral rights, precious metals, coins, gems, rare stamps, collectible, or any other investment which someone of reasonable prudence might acquire for their own account and shall have authority to manage such investments and do all things necessary thereto. Further, the Trustee is authorized to buy, sell, trade in securities, and may open and operate margin accounts with brokers, make short sales, hedges, and may pledge any securities held or purchased as collateral for loans and advances made to the Trustee.

b) BANK ACCOUNTS, SAFE DEPOSIT BOXES AND ENDORSEMENTS: The Trustee is authorized to open accounts and safe deposit boxes at banking or savings and loan associations for the Trust Estate in such manner that funds may be withdrawn from such accounts or safe deposit boxes upon the signature of one (1) of two (2) acting Trustee. The signature of one (1) of two (2) acting Trustee shall be sufficient to endorse any check or other payment which may be received for the account of the Trust, and such endorsement shall be sufficient receipt to the

persons giving such check or payment to the Trust. However, the foregoing provision shall not apply while a corporate Trustee is acting as Co-Trustee.

c) LIFE INSURANCE AND ANNUITIES: The Trustee shall have power to maintain and/or purchase life insurance or annuities on the life of, or for the benefit of, the original or successor beneficiaries. The Trustee may hold such policies or annuities as investments and may pay for the same from the Trust estate principal or earnings at the sole discretion of the Trustee. Any proceeds or dividends received by the Trustee in respect to any policy shall be treated as principal. In the event any interest is paid by an insurer, the interest shall be treated as income. The Trustee may accept any payments from an insurer under any settlement arrangement made before or after the death of an insured and may exercise all rights available therein. Further, the Trustee may compromise, arbitrate, or exercise any settlement options or rights available under such policies at the Trustees discretion.

9. ALLOCATING PRINCIPAL AND INCOME: The Trustee shall have power to determine principal and income and how receipts and disbursements, including fees to the Trustee, shall be allocated between principal and income. The decisions of the Trustee shall be binding on all persons holding a beneficial interest in the Trust estate. Notwithstanding the foregoing, the Trustee shall allocate capital gains to principal, shall have authority to amortize or not amortize bonds purchased at a premium or discount, shall have authority to add accumulated income to principal as deemed appropriate, and shall have authority to charge income with a reasonable reserve for depreciation, property improvements, repairs on income producing property, and depletion of natural resources as may from time to time be deemed advisable by the Trustee. The Trustee may also set aside and keep on hand whatever cash reserves deemed appropriate for expenses, emergencies, and compensation for Trustee services.

10. BORROWING AND ENCUMBERING: The Trustee shall have power to borrow money for any Trust purpose upon such terms and conditions as the Trustee, in his/her sole discretion, deems proper, and to obligate the Trust estate and encumber Trust property as the Trustee deems advisable. Further, the Trustee is authorized and empowered to obligate the Trust estate in whatever form the Trustee deems appropriate and to act as a third party guarantor to guarantee private borrowings of the Settlers, or either of them, during their respective lifetimes. However, if there is a Survivor's Trust, such guarantee may be made for the surviving Settlor only from the Survivor's Trust.

11. LOANS: The Trustee shall have power to advance or loan funds from the Trust estate to any Trust created hereunder, to secure such loan as may be deemed advisable, to charge interest at current rates, and to repay such loan from the borrowing Trust's principal or income. The Trustee may also make advances and/or loans to original or successor beneficiaries named herein, under such terms as the Trustee may, in his/her discretion, deem appropriate. In all such matters, the judgment of the Trustee shall be binding on all concerned.

12. DISTRIBUTIONS: The Trustee shall have power to distribute principal and earnings, in cash or in kind, to any beneficiary in such manner as prescribed herein or lacking specific directives herein, as the Trustee, in his discretion, deems advisable.

a) A MINOR OR INCOMPETENT: If the beneficiary is a minor or incompetent or a person whom the Trustee deems unable to properly manage such distributions, the Trustee may make such distributions in any one or a combination of the following ways: 1) Directly to the beneficiary; 2) to a guardian, conservator, or fiduciary responsible for the beneficiary and his or her estate; 3) to any person or organization furnishing support for the beneficiary; and 4) by the Trustee retaining principal and making payments directly for the support of the beneficiary. In any case, the Trustee shall not be required to see to the application of any funds so paid or applied if disbursed in the good faith and best judgment of the Trustee. The Trustee may, however, in his sole discretion, require an accounting to assure that such distributions have been faithfully applied to the benefit of said beneficiary.

13. SPECIFIC PROVISIONS FOR SETTLING ESTATE: On the death of the first of the Settlor to die, the Surviving Settlor allocate and charge the final costs of the death of the first Settlor to die, to Trust A or Trust B or Trust C, as the Survivor shall deem appropriate. Final costs shall include the costs of final illness, funeral expenses, and any Federal and State taxes. On the death of the Surviving Settlor, their Successor Trustee shall charge Trust A and Trust C proportionately with the final costs of the surviving Settlor.

14. NOTIFICATION TO TRUSTEE: The Trustee shall have power to make decisions affecting beneficiary rights and/or distributions based upon written notification delivered to the Trustee of any date, birth, marriage, death, or event. The Trustee shall bear no liability for acts made or omitted in good faith, when based upon information received.

15. EVALUATION OF ASSETS: The Trustee shall have power to make a valuation of Trust assets from time to time and to determine the value of any distribution. Such valuations shall be in the best judgment of the Trustee and shall be binding and conclusive upon all beneficiaries.

16. DIVISIONS OF ASSETS: The Trustee shall have power to divide the Trust estate and to allocate portions to Trusts created hereunder, and to create beneficial shares and make distributions to beneficiaries. The Trust may make such allocations or distributions in cash or in kind, or in part cash and part kind, or in undivided interests, in such manner as the Trustee in his/her sole and absolute discretion deems advisable. Further, the Trustee may sell such property as he/she deems necessary or appropriate when making such divisions.

a) CONSOLIDATED TRUST FUNDS: The Trustee shall not be required to make physical division of the Trust property, except if necessary for distribution, but may maintain and hold assets of any separate Trust or any beneficial share in one or more consolidated Trust funds, with such entries made on the Trustees books of account. Each separate Trust or share shall be entitled to its proportional share of principal and income from such consolidated funds and shall be charged with its respective portion of expenses.

17. USE OF A PRINCIPAL RESIDENCE: The Trustee, upon the death of the decedent settlor, shall allow the surviving Settlor to occupy and use, until his or her death, the home that was the Settlor's principal residence. The Trustee shall, at the discretion of the surviving Settlor, sell the home and purchase or build another or rent the home to a beneficiary or a third party and make

other arrangements, for the surviving Settlor's housing as Trust funds permit. Such surviving Settlor shall not be required to pay rent for the use of such home or housing.

a) UPON DEATH OF SURVIVING SETTLOR, the principal residence or home of the surviving Settlor may, at the discretion of the Trustee, be retained in the Trust estate for use by one or more successor beneficiaries, or their children, or it may be sold to any qualified buyer, or rented to a third party. It is understood, however, that a beneficial interest in the home may for a period of time be held by the Trustee for one or more successor beneficiaries who may or may not be living in the home and that any such home or interests therein that is retained by the Trustee shall be part of the principal of the Trust estate or Trusts created hereunder. All taxes, insurance, maintenance, and expenses concerning such home shall be paid from the respective Trust estate(s).

18. POWER TO PROBATE TRUST ASSETS: Notwithstanding other provisions of the Trust, the Trustee shall have sole discretion, if he/she deems it in the best interest of the beneficiaries, to direct the Executor/personal representative of the Will of either or both of the Settlers to subject all or part of the Trust estate to the jurisdiction of the Probate Court.

19. ESTATE TAXES: The Trustee, upon the death of either Settlor or of any successor beneficiary, may pay at his/her discretion from the Trust estate any inheritance, estate, succession, or other death taxes, duties, charges or assessments and costs, including Trustees compensation and attorney's fees, unless other provisions have been made for such expenditures.

20. PURCHASES OF PROBATED PROPERTY: The Trustee at his/his discretion may purchase, for cash or whatever terms he/she deems acceptable, any property from the Executor or Administrator of the estate of any beneficiary of this Trust, even though such property may not be of a character prescribed by law or normally considered prudent for Trust investment.

21. TAX PLANNING: The Trustee, in the performance of his/her responsibilities herein, shall have absolute discretion to take any action or make any election or decision in his/her efforts to minimize the estate tax liabilities of either Settlor's estate, the income tax liability on the Trust estate or any Trusts created hereunder, and the tax liability of any beneficiary or group of beneficiaries.

22. BUDGET: The Trustee shall have power to create budgets for the Trust or any Trust created and for any beneficial share, and may estimate annual income and expenses in an effort to project availability of funds for advances and/or distributions to beneficiaries.

23. LITIGATION: The Trustee, at his/her discretion, may initiate or defend any legal action with respect to the Trust or Trust estate and is authorized to pay for such legal fees and expenses out of the Trust estate.

a) MAY COMPROMISE CLAIMS: The Trustee may, at his discretion, adjust, compromise, or settle any claims or litigation against or in favor of the Trust.

24. CO-TRUSTEES MAY ACT INDEPENDENTLY: Notwithstanding other provisions herein to the contrary, any Co-Trustee of this Trust or any Trust created hereunder shall have power to perform all acts and duties of a Trustee as granted under this Trust and shall be authorized to act independently of the other Co-Trustee(s). However, so long as they share a community property interest in real property, they shall continue to act jointly in respect to all decisions involving community real property.

XII. INCAPACITY OF TRUSTEE

A. ORIGINAL CO-TRUSTEES: In the event that one or both of the original Co-Trustees is deemed, by the other Co-Trustee and/or a party or parties having a present or future beneficial interest of at least sixty percent (60%) of the Trust estate, to be mentally incapable of continuing in a fiduciary capacity, the discerning parties shall suggest that one or both of the original Co-Trustees resign and be replaced by the First Successor Trustee.

1. COMMITTEE ACTION: If the above suggestion is refused, each Co-Trustee deemed incapable shall be reviewed by a separate committee consisting of the Co-Trustee's church pastor, if any, and two non-prejudiced licensed physicians. If any two of this respective committee agrees that the Co-Trustee is mentally incapable of continuing in a fiduciary capacity, said mentally incapable Co-Trustee herein agrees to resign. Further, said resigned Co-Trustee herein agrees that, while judged as mentally incapable, any directive he or she may make in the capacity of Settlor shall not be conclusive or binding upon the Trust estate or any Trustee, and he or she, while judged as mentally incapable, shall have no power to unilaterally revoke or amend this Trust or any Trust created hereunder.

B. REMOVAL OF SUCCESSOR TRUSTEES: In the event a Successor Trustee is deemed, by any party or parties having a present or future beneficial interest of at least sixty percent (60%) of the Trust estate, to be incapable of continuing in a fiduciary capacity, the discerning parties shall sign a joint directive asking said incapable Trustee to resign from the office of Trustee of this Trust or any Trust created hereunder. If said incapable Trustee refuses to resign, said incapable Trustee shall be reviewed by committee as set forth above and the determination of the committee shall be binding. Any removal and replacement of a Successor Trustee shall be effective without authorization of the court, and shall be effective and binding upon all parties concerned as of the date thereof. Further, said removed Trustee shall fully cooperate with his/her successor and transfer his/her fiduciary powers to a successor in a timely manner.

XIII. CONSERVATOR PROVISION

A. INCAPACITATION OF SETTLORS: In the event that the Settlers jointly (or the Surviving Settlor individually) become mentally or physically incapable of caring for their own physical needs, whether in a temporary or lasting condition, the Settlers herein appoint the Successor Trustees in the order they are listed herein as their conservator. Each Successor Trustee, if and when authorized to act in the capacity of Trustee, shall look to the reasonable support, comfort, health, shelter, and care of the Settlers and pay for same from the principal and/or earnings of the Trust estate, so long as Trust assets are available. If a different party is named as a personal

representative in a Settlor's Durable Power of Attorney for Health Care or as personal representative in a Settlor's Durable Power of Attorney for Asset Management or as personal representative in a Settlor's Directive to Physicians and Family, the Successor Trustees are herein admonished to cooperate fully with the Settlor's named personal representatives.

XIV. HANDICAPPED BENEFICIARIES

As used in this section, the "Handicapped Beneficiary" and any variations thereof and references thereto, shall mean any issue of the Settlers who has been determined by a court of competent jurisdiction to be incompetent or unable to adequately manage his or her affairs. Additionally, the Trustee may make a determination, in accordance with the procedures for the determining the competency of a Trustee, of the incompetence of any beneficiary. The interests of all such beneficiaries shall be governed by these provisions for Handicapped Beneficiaries.

Handicapped Beneficiaries shall not have any discretionary rights of a beneficiary with respect to this Trust or with respect to his or her share or portion thereof. The Trustees shall hold and maintain such incompetent beneficiary's share of the Trust Estate in Trust and shall, in the Trustees' sole discretion, distribute for and provide for such beneficiary as provided for in this Trust for benefits to minors, and under the section "Support and Education".

Notwithstanding the foregoing, any Beneficiary who is diagnosed for the purposes of governmental benefits (as hereinafter delineated) as being not competent or as being disabled, and who shall be entitled to governmental support and benefits by reason of such incompetence or disability, shall cease to be a Beneficiary, and Trustee if so named, of this Trust if such aid is jeopardized by reason of the individual's status as a Beneficiary or Trustee. Likewise, they shall cease to be a Beneficiary if any share of portion of the principal or income of the Trust shall become subject to the claims of any governmental agency for costs or benefits, fees, or charges.

The portion of the Trust Estate which, absent the provisions of this section "Handicapped Beneficiaries", would have been the share of such incompetent or handicapped person shall be retained in Trust for as long as that individual lives. The Trustee, at the sole discretion of the Trustee, may utilize such funds for the individual as specified under the section "Support and Education". All income from such share, not otherwise utilized for the purposes of this Trust share, shall be added to the principal thereof annually. While the Trustees hold Trust property available for the benefit of any handicapped beneficiary, it is the intent of the Settlers, and they direct that the Trustee(s), in their sole and absolute discretion, provide life enrichment benefits for that handicapped beneficiary would otherwise be entitled. Such benefits may include: training to develop skills and abilities, special needs, transportation, educational support, tutoring, adaptive vocational skills training, home and residential adaptation assistance, and any other programs to provide "life enrichment" as may be permitted by law. Upon the death of this individual the residual of this share shall be distributed as otherwise specified in the Trust.

If such individual recovers from incompetence or disability, and/or is no longer eligible for aid from any governmental agency, including costs or benefits, fees or charges, such individual shall be reinstated as a Beneficiary and Trustee, as the case may be, after 60 days from such recovery

and/or ineligibility and the allocation and distribution provisions as stated herein shall apply to that portion or the Trust Estate which is held by the Trustee subject to the foregoing provisions of this section.

Upon the death of a Handicapped Beneficiary who otherwise would have been a Beneficiary of this Trust, any allocation of the Trust Estate held in Trust which would otherwise have inured to the benefit of said Handicapped Beneficiary shall be distributed to his or her issue, if any, per the provisions " Per Stirpes" herein. If such Handicapped Beneficiary shall leave no issue, then such allocation of the Trust Estate shall be distributed to the Primary Beneficiaries hereof, as their interests appear.

Each share shall be distributed or retained in Trust as hereinafter provided.

XV. TERMINATION

A. TERMINATION OF THE TRUST: The Trust shall be terminated under any of following conditions:

1. NO SURVIVING ISSUE: In the event that none of the Settlor's children or legal descendants survive the death of the Surviving Settlor, the Trustee shall, at the death of the Surviving Settlor, wind up Trust affairs and distribute the Trust estate among the following persons or entities in the proportions designated:

2. DISCRETIONARY TERMINATION: If at any time the Trustee in his/her discretion deems the best interests of the beneficiaries is served by terminating the Trust and distributing the entire principal and income interests as provided herein, the Trustee is authorized to do so.

3. DEPLETION OF TRUST ESTATE: If at any time the Trustee in his/her discretion deems the Trust estate to be so depleted in assets that the continued operation of said Trust is impractical or unwise, the Trustee is authorized to terminate the Trust.

4. TERM OF YEARS: Unless terminated sooner in a manner herein provided, the Trust estate shall in all events be terminated upon the expiration of twenty-one (21) years following the death of the Surviving Settlor.

XVI. GENERAL PROVISIONS

A. DEFINITIONS:

1. **TRUSTEE:** Any reference in this document to "Trustee" shall be deemed a reference to whomever is serving as Trustee or Co-Trustees of this Trust, whether originally, alternately, or as successors.

2. **SETTLOR:** The term "Settlor" shall refer to one or both of the Settlers.

3. **SURVIVING SETTLOR:** The term "Surviving Settlor" shall mean the Settlor having the greater longevity of the two Settlers, and hence the second Settlor to die.

4. **CHILDREN:** The word "children" or "issue" as used in this agreement may include natural children and/or legally adopted children of one or both of the Settlers, and the children and grandchildren of such children.

5. **SUPPORT:** The term "support" as used herein shall include proper support, maintenance, medical care, and education, including grade, secondary or high schools, public or private, and all types of college, vocational, or trade schools.

B. NUMBER AND GENDER: The masculine, feminine, and neuter gender, and the plural and singular number shall each be deemed to include the others when the context of this agreement so indicates.

C. ANNUAL ACCOUNTING: The Trustee shall render an annual accounting to the Settlers or successor beneficiaries within 120 days following the close of the fiscal year. Accounting to successor beneficiaries shall be more frequent, as provided herein, after separate beneficial shares have been created.

D. LEGAL STATUS AND ADMINISTRATION: The Settlers have created this Trust and any Trusts created hereunder, under the common law of contracts, protected by Article 1 Sec. 10, Para. 1 and Amendment 14, Clause 1, of the Constitution of the United States. It is, therefore, not formed under the statutory Trust laws of any U.S. state. The Settlers intend that this Trust, or any Trust created hereunder, may be moved to, and administered in any state or territory of the United States of America or in any English common law foreign jurisdiction. Further, upon a change of jurisdiction, the Trustee is authorized to take such consequential actions as he deems necessary or appropriate to insure the Trust will continue to function and be administered in the manner intended by the Settlers.

N. REVOCATION: Settlers hereby revoke any and all Declarations of Trust, in their entirety, previously created by Settlers.

IN WITNESS HEREOF:

WE, THE UNDERSIGNED Settlers, have read the provisions of this Trust, and understand the provisions herein, including provisions respecting our right to enter into contracts with each other in accordance with community property and separate property laws, and it is our intent to enter into this Trust as written.

THEREFORE, the provisions of this Trust shall bind the undersigned Settlers, and the undersigned Co-Trustees, as well as any Successor Trustees assuming the role of Trustee hereunder, and all beneficiaries of this Trust and their successors and assigns.

Dated and signed at Knights Landing this 6th day of June, 1996.

SETTLORS/CO-TRUSTEES:

Emile Furlan
Emile Furlan

Simone Furlan
Simone Furlan

CERTIFICATE OF ACKNOWLEDGEMENT OF NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss.
COUNTY OF Yolo)

On 6/6/96 before me Bruce Hearon,
personally appeared Emile Furlan and Simone Furlan, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal:

Signature Bruce Hearon



(This area for official notary seal)

E. TRUST SITUS: The legal situs of the Trust estate shall be deemed to be the same as the principal residence of the Trustee. Legal jurisdiction shall be presumed to be the same as the legal situs. The Trust situs and all or portions of the Trust estate may be transferred to such other state or jurisdiction as the Trustee may from time to time determine.

F. UNENFORCEABLE PROVISIONS: If any provision of this agreement is void, invalid, or unenforceable, the remaining provisions shall continue to be valid and carried into effect.

G. COUNTERPARTS: This agreement may be executed in any number of counterparts and each part shall constitute an original part of one and the same instrument.

H. COPIES AS ORIGINALS: A copy of this agreement or any portion of this agreement bearing the seal or signature of the Trustee shall be relied upon as an original document and shall have the full force and effect of the original document in every respect.

I. THIRD PARTIES PROTECTED: No party to any instrument in writing signed by the Trustee shall be obligated to inquire into its validity or be bound to see to the application by the Trustee of any money or other property paid or delivered to him/her pursuant to the terms of any such instrument. It is further expressly provided that anyone dealing with the Trustee is not required to inquire into the terms of this Trust, the authority of the Trustee, or to see the application which the Trustee makes of funds or other property received by him/her, but shall be entitled to deal with the Trustee as if he/she is fully authorized to act.

J. APPLICATION TO THE COURT: If any disputes arise in respect to the interpretation of this agreement or the actions of the Trustee in settling the Trust estate and there is need to obtain a court approved accounting or any interpretation of a provision herein, it is the intent of the Settlers that the Probate Court or any court shall not assume any continuing jurisdiction except as may be required by law.

K. PRESUMPTION OF ORDER OF DEATH: If the Settlers shall die under such circumstances that is doubtful or difficult to prove which of them died first, then for purposes of this agreement it shall be conclusively presumed that the husband died first.

L. TRUST SHARES: Where the Settlers have used the term "shares" or "beneficial shares" in this agreement, it is intended that the Trustee shall treat each such share as a separate Trust.

M. EQUITY: In the event of any disagreement between contracting parties or between the Trustee and any party holding a present beneficial interest, equity shall supersede prior adjudicated cases. Any question of interpretation of claim shall first be submitted to binding arbitration under the rules of the American Arbitration Association.

ATTESTATION

The above Declaration of Trust, was on the above date executed and acknowledged by Emile Furlan and Simone Furlan, in the presence of each of us, and at the same time, we, at their request, in their presence and in the presence of each other, hereunto subscribed our names as witnesses thereto; this attestation clause having been first read aloud; and we hereby certify that at the time of execution hereof to the best of our knowledge the above named individuals are of legal age or older, of sound mind, and under no constraint or under influence; and that each witnesses is of legal age or older.

Tim Bolen of P.O. Box 6094
Witness Signature Folsom CA 95763

2. _____ of _____
Witness Signature

3. _____ of _____
Witness Signature

CERTIFICATE OF ACKNOWLEDGEMENT OF NOTARY PUBLIC

STATE OF CALIFORNIA)
COUNTY OF Yolo) ss.

On 6/6/96 before me Bruce Hearon,
personally appeared Timothy Bolen,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal:

Signature Bruce Hearon



(This area for official notary seal)